

Message Text

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SUBJ: GE INTEREST IN KUWAIT POWER PROJECTS

REF: KUWAIT 4047

SUMMARY: GE HAS EXPRESSED*STRONG INTEREST IN BIDDING ON \$80 MILLION STEAM POWER PROJECT BUT COMPANY CLAIMS I CANNOT SUBMIT PROPER BID IN TIME TO MEET FEBRUARY 10 DEADLINE. OTHER INTERNATIONAL COMPANIES ALSO FACING THIS PROBLEM BECAUSE WORLD-WIDE SUPPLY PROBLEMS DELAYING ACCURATE FORMULATION OF BIDS. LOCAL AGENTS THESE FIRMS TRYING GET GOK TO ALLOW OR THREE MONTH EXTENSION BUT SO FAR GOK VERY RELUCTANT TO DO SO SINCE IT BELIEVES CONTRACT SHOULD BE AWARDED PRIOR TO CLOSE FISCAL YEAR MARCH 31. WHILE GE AGENT AND EMBASSY WILL DO BEST GAIN EXTENSION FOR COMPANY BELIEVE GE WOULD ENHANCE POSITION AND IMPROVE IMAGE IF SENIOR OFFICIAL CAME TO KUWAIT TO EXPLAIN TO MINISTER ELECTRICITY AND WATER WHY IT IS IN KUWAIT'S INTEREST TO EXTEND DEADLINE. END SUMMARY.

1. OVER LAST SEVERAL WEEKS WE HAVE BEEN IN CLOSE TOUCH WITH HILMAN OF GE/BEIRUT DURING HIS VISITS HERE AND WITH GE' LOCAL AGENT SAUD AL-RASHED, ONE OF KUWAIT'S TOP BUSINESSMEN, REGARDING COMPANY'S KEEN INTEREST IN
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KUWAIT POWER PROJECTS. GE HAS ALREADY BID ON \$40

MILLION GAS POWER STATION AND SERIOUSLY INTERESTED IN \$80 STEAM POWER PROJECT. I HAVE DISCUSSED COMPANY'S INTEREST WITH MINISTER ELECTRICITY AND WATER WHO HAS MADE IT CLEAR HE WISHEKEJHAVE US FIRMS BID ON LARGE POWER PROJECT TENDERS.

2. COMPLICATIONS HAS ARISEN OVER FEBRUARY 10 DEADLINE. COMPANIES CLAIM THIS TOO SOON FOR THEM TO SUBMIT PROPER PROPOSALS BECUASE CURRENT WORLD-WIDE PROBLEMS RE SUPPLIES OF COMPONENTS AND COMMODITIES MAKING PREPARATION OF BIDS MORE DIFFICULT AND TIME CONSUMING THAN USUAL. LOCAL AGENTS OF GE AND OTHER COMPANIES INTERESTED IN POWER PROJECT (BROWN-BOVARI, SIEMENS, FIAT) HAVE BEEN UNSUCCESSFUL SO FAR IN GETTING GOK TO ALLOW EXTENSION BEYOND TWO WEEKS. GOK WANTS PROJECT ON RAILS BEFORE CLOSE OFRISCAL YEAR MARCH 31 RATHER THAN REQUEST FUNDS AGAIN IN NEXT YEAR'S BUDGET.

3. GE HAS INFORMED RASHED IT WILL NOT SUBMIT PROPOSAL IF LONGER EXTENSION NOT GRANTED. LOCAL AGENTS INTERNATIONAL COMPANIES CURRENTLY CONSIDERING JOINTLY REQUESTING LONGER EXTENSION. USING ARGUMENT THAT KUWAITIS CANNOT HOPE TO OBTAIN GOOD BIDS, GIVEN CURRENT ECONOMIC/SUPPLY SITUATIONAND IT IN GOK'S OWN INTEREST, CONSIDERING AMOUNT OF MONEY TO BE SPENT, TO GRANT EXTENSION OF FEW MONTHS.

COMMENT: LOCAL AGENTS ARE POWERFUL BUSINESSMEN WITH GOOD ARGUMENT. BUT EVEN IF GE SURMOUNTS THIS HURDLE, IT HAS OTHER PROBLEMS IN KUWAIT. UNFORTUNATELY, MEW CHIEF ENGINEER IS OPENLY ANTI-AMERICAN, PARTICULARLY IN AFTERMATH OCTOBER WAR AND, IN ADDITION, IS NOT FAVORABLY DISPOSED TO GE FOR ESSENTIALLY PRIVATE REASONS. BELIEVE, THEREFORE, THAT IF GE CANNOT MEET EARLY DEADLINE THAT IT SHOULD SERIOUSLY CONSIDER HAVING SENIOR COMPANY OFFICIAL COME TO KUWAIT TO EXPLAIN TO MINISTER IT IN KUWAITIS' INTEREST TO ALLOW BID EXTENSION. HE MAY BE PURSUASIVE EVEN IF LOCAL AGENTS ARE NOT, BUT MORE IMPORTANTLY FOR GE HIS PRESENCE WOULD BE TAKEN AS SIGNAL BY GOK THAT COMPANY REALLY LIMITED OFFICIAL USE

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INTERESTED IN PROJECT. BELIEVE THIS IMPORTANT CONSIDERATION AND ACTION WOULD DO MUCH TO IMPROVE COMPANY'S REPUTATION AND IMAGE WITH MEW AND THEREBY HELP COMPANY OVERCOME NEGATIVE FACTORS.

*ACTION REQUESTED: ADDRESSEES REQUESTED BRING FOREGOING TO ATTENTION HILPMAN IN BEIRUT, BLUNDIN IN TEHRAN AND APPROPRIATE GE OFFICIALS IN NEW YORK. IN ADDITION COMMERCE REQUESTED ADVISE US OF INTEREST BY FIRMS

OTHER THAN GE; SO FAR NO OTHER AMERICAN COMPANIES
HAVE BEEN ACTIVELY BIDDING, EXCEPT PERHAPS THROUGH
FOREIGN SUBSIDIARIES.
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